3: Simutis S-4 (no date) 1942 RB5 Lithuanians RB5

Chapter III

INDUSTRY

438 The industry of Lithuania before the World War was gov-
433 erned not by the requirements of the local markets. Its development and structure were more suited to the Russian empire, on whose national economy, politics, and markets Lithuania was dependent. There was extensive development of such industries as leather and metal, which had no basic connections with the markets of ethnographic Lithuania. At the same time, industries closely connected with agriculture were almost nonexistent. There were no slaughterhouses where the livestock surplus could be prepared for export, and there was almost no textile industry; the country's flax had to go to western Europe for manufacture into cloth. Even the timber industry, which was in a very favorable situation, was undeveloped. This same industry was flourishing just across the border, in the port of Klaipeda (Memel) in pre-World War Germany, although it was wholly dependent for its raw materials on Lithuania and the rest of pre-war Russia.[1]

After the World War the remnants of the Russian industries in Lithuania were unsuited to the needs of the newly established republic. And even those remnants were almost completely disabled, because during the hostilities the ma-

[1] C.S.B., 1918–28, pp. 67–90.

3: Simutis S-4 (no date) 1942 RB5 Lithuanians RB5

chinery had been destroyed or sent to "unknown destinations." Therefore the industry of the reëstablished republic had not only to be reconstructed but had to be almost entirely reshaped in a manner suited to the needs of an agricultural country. According to the vague pre-World War statistics, there were approximately 3,144 separate industrial units in Lithuania, this number including very small establishments of three to five workers. According to statistics compiled from reports of factory inspectors,[2] the province (gouvernement) of Kaunas had 151 enterprises with 6,603 workers, distributed as in Table 31.

TABLE 31

INDUSTRY OF LITHUANIA IN 1913

NUMBER OF ENTERPRISES	NUMBER OF WORKERS IN EACH
1	1,256
2	600
2	200
2	100–200
12	51–100
7	31–50
13	21–30
34	11–30
78	less than 10

After the World War the leather and metal industries experienced a great setback, while the food, textile, paper, and other industries soon started on the upswing. An idea of the rapid increase in the number of industrial establishments may be gained from the number of government operation certificates issued. In 1920, 2,474 certificates were issued;

[2] Kubilius, *op. cit.*, pp. 222–23.

3: Simutis S-4 (no date) 1942 RB5 Lithuanians RB5

in 1921, 4,011; in 1922, 4,933; in 1923, 5,402; in 1924, 5,419; in 1925, 5,941; in 1926, 5,164; in 1927, 5,437; in 1928, 5,742; in 1929, 6,010; in 1930, 5,842; in 1931, 5,796; in 1932, 5,735; in 1933, 5,451; in 1934, 5,710; in 1935, 12,067; in 1936, 14,750; in 1937, 15,214; in 1938, 15,717; and in 1939, 16,131.[3]

The sudden rise of the number of industrial establishments registered in 1935 and the subsequent years is the result of the extension of the License Tax in that year to even the smallest establishments. The new ruling required that a license be taken out even by concerns with only a single employee. Thus the figures of 1935 and later are not wholly comparable with the previous ones; nevertheless they reflect the rise of industry in Lithuania. A more detailed picture of the development of industry may be obtained from Table 32, which shows that the largest number, over 20 percent, of wage earners are employed in the textile industry. The food and luxury goods industries, which in 1937 held third position with 5,195 employees, advanced to second place in 1938, with 6,150 workers. The third place in 1938 was held by the timber industry, with 4,852 workers, having enjoyed during the previous year an all-time peak in its record of employment. Fourth place, according to the number of workers employed, belongs to the clay products and stone industry; after it come the metals and machinery industry and the clothing and footwear industry.

When the value of industrial production is taken into consideration we get a very different picture of the situation, with the food and luxury industry in first place, accounting for over 41 percent of the total value of the industrial production of Lithuania. Next follow the textile

[3] C.S.B., 1938 and 1939, p. 186 and p. 194 respectively.

3: Simutis S-4 (to date) 1942 RB5 Lithuanians RB5

TABLE 32

CLASSIFICATION OF INDUSTRIAL ESTABLISHMENTS OF LITHUANIA 1927–39[a]

INDUSTRY	1927		1930		1935		1938		1939[b]	
	Establishments	*Employees*	*Establishments*	*Employees*	*Establishments*	*Employees*	*Establishments*	*Employees*	*Establishments*	*Employees*
Peat-cutting	7	603	6	541	7	417	16	1,086	19	1,296
Stone, clay products, etc.	94	1,357	108	1,648	82	1,539	130	3,566	130	3,212
Metals and machinery	97	1,895	94	1,975	92	1,711	120	3,327	97	2,981
Chemicals	49	885	53	792	48	940	48	1,583	53	1,695
Leather and fur	40	657	44	648	37	749	58	1,022	50	865
Textiles	55	1,403	57	2,194	61	4,679	81	7,019	84	4,611[c]
Timber	185	3,446	178	3,096	192	4,238	264	4,852	238	2,864[d]
Paper and printing	52	2,115	64	2,323	71	2,195	84	2,615	81	1,613[e]
Foodstuffs	253	3,786	246	3,616	343	4,284	394	6,150	347	5,925
Clothing and footwear	139	1,607	154	1,891	148	1,952	183	3,056	186	2,841
Electricity and gas works	29	648	26	479	31	512	33	590	31	474

[a] C.S.B., *Statistikos Metrastis*, Vol. 1929–39.
[b] All data in this column after seizure of Klaipeda Territory by Germany in March, 1939.
[c] Before Klaipeda Territory cession: 87 establishments with 7,561 employees.
[d] Before Klaipeda Territory cession: 206 establishments with 4,257 employees.
[e] Before Klaipeda Territory cession: 88 establishments with 2,679 employees.

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4133
4134

3: Simutis S-4 (no date) 1942 RB5 Lithuanians RB5

438 industry with 14.9 percent, the timber industry—9.1 per-
433 cent, and the paper and printing industry—8.4 percent. These facts may be clearly seen from Table 33, which shows

TABLE 33

AGGREGATE VALUE OF INDUSTRIAL PRODUCTION OF LITHUANIA 1937–39

(*In Thousands of Litas*)

INDUSTRY	1937	1938	1939
Peat-cutting	1,277	1,873	2,932
Stone, clay products, etc.	7,012	9,097	9,389
Metals and machinery	19,298	24,661	23,378
Chemicals	13,939	16,529	20,734
Leather and fur	17,245	16,684	14,306
Textiles	35,656	40,331	40,331
Timber	15,847	16,865	14,341
Paper and printing	17,807	17,543	17,630
Food and luxury goods	151,569	175,470	223,424
Clothing and footwear	20,762	23,658	26,696
Electrical works	10,672	11,738	12,588
TOTAL	311,084	354,449	405,749

that the value of total production in 1939 was 405,749,000 litas against 354,449,000 litas in 1938 and 311,084,000 litas in 1937.

The growth of the industrial production of Lithuania was not even impaired by the world depression of 1929. While world production in 1931 and 1932 had fallen to the lowest ebb, production in Lithuania showed further expansion. Several reasons may be given in explanation of this phenomenon.

438
651 First, Lithuania exercises a specific customs duties system, which is an advantage to home industry during a period of

3. Simutis 54 (no date) 1942 RBS Lithuanians RBS

TABLE 34

INDUSTRIAL PRODUCTION INDEX OF LITHUANIA AND THE WORLD 1929–39

YEAR	PRODUCTION OF LITHUANIA [a]	WORLD PRODUCTION [b]
1929	100	100
1930	108.3	88.3
1931	140.7	74.8
1932	153.7	63.0
1933	([d])	71.3
1934	166.5	77.0
1935	185.9	85.4
1936	244.2	95.5
1937	272.0	102.5
1938	309.4	125.8 [c]
1939	354.2	128.7

[a] *Report*, p. 20.
[b] League of Nations, *Monthly Bulletin of Statistics*, Geneva, June, 1938.
[c] *Ibid., Statistical Year-Book 1939–40.*
[d] Figure not available.

falling prices in the world market, especially when the duties are high as compared with the prices of commodities. Customs duties do not fall in proportion to the fall of prices in the world market, as would be the case under the ad valorem duties system. Thus, home industry benefited from the fall of raw-material prices and was able to supply the home market with cheaper commodities than could be offered by the foreign producers for whose products the customs duties were not lowered to suit the decreased prices. This is proved even by the great decrease in the value of imports, which in 1935 amounted to only 128,597,000 litas, as against 142,176,200 litas in 1933 and 312,415,200 in 1930.

Second, it is to be noted that the index of industrial pro-

3: Simutis S-4 (no date) 1942 RB5 Lithuanians RB5

439 pation. In 1938, Maistas sales to foreign countries rose to 57.85 million litas, while in 1939 it rose to 71.7 million litas, or 24 percent above the 1938 figures.

● 438 Even in domestic business Maistas showed an impressive rise. Its domestic sales amounted in 1930 to 5.8 million litas and rose every subsequent year until in 1938 they reached 14.9 million litas and in 1939, 18.8 million litas.

257 The sugar industry, which also shows considerable ad-
433 vance, started with one refinery in 1932, employing 67 persons, and in 1939 had two refineries with 246 workers, not counting the many farmers who were engaged in sugar-beet growing and whose incomes were increased through the introduction and development of this branch of agriculture.

251 Inasmuch as the two refineries were insufficient to meet the
491 demands of Lithuania, a third refinery was constructed. All three are owned by the Lietuvos Cukrus Corporation, in which the government participates as owner of a controlling number of shares of capital stock. The first refinery was opened in 1932 in Marijampole and the second in 1935 in Panevezys. The production rose very rapidly: in 1932, 67,000 quintals; 1933, 162,000 quintals; 1934, 82,000 quintals; 1935, 153,000 quintals; 1936, 221,000 quintals; 1937, 272,000 quintals; in 1938, 287,000 quintals [9] and 1939, 208,000 quintals.

234 Another industry in the food-and-luxury category which
433 showed great expansion both in number of establishments and in workers employed is that of dairying, which is covered in the section on coöperatives, above.

438 Other industries, such as grain mills with 761 workers,
433 candy and chocolate factories with 761 workers, and tobacco

[9] C.S.B., 1938, p. 160.

3: Simutis S-4 (no date) 1942 RB5 Lithuanians RB5

and cigarette factories with 569 workers, continued to operate at about the same level throughout these past years.

LUMBER INDUSTRY

Some understanding of the lumber industry may be obtained from Table 38.[10] It will be observed that sawmilling

TABLE 38

LUMBER INDUSTRY

BRANCH OF INDUSTRY	1927		1930		1935		1938		1939 [a]	
	Establishments	*Workers*	*Establishments*	*Workers*	*Establishments*	*Workers*	*Establishments*	*Workers*	*Establishments*	*Workers*
Sawmilling	131	2,731	114	1,718	124	2,853	175	2,970	170	1,901
Plywood production	—	—	3	443	3	602	3	767	1	27
Cabinet-making	6	90	10	229	8	251	88	963	61	839

[a] After seizure of Klaipeda by Germany.

is the leading branch of the lumber industry, although it does not show great expansion. The same may be said of the plywood industry. The latter felt the greatest setback with the loss of Klaipeda. The lumber industry, producing mainly for export, was hit by the world depression more severely than any other industry.

Before the agricultural products industry was developed for export, lumber was one of the most important items exported from Lithuania. It is to be noted that with the ex-

[10] C.S.B., 1938 and 1939, pp. 170–71 and 160–61 respectively.

121 The following Report of the Chamber of Commerce, Industry and Crafts pursues the purpose of a concise and clear review of the history of the development of Lithuanian economy during the last ten years. With the exception of agriculture, it deals with all spheres of economics, i. e. industry, foreign and home trade, goods transport, the State finances, and credit conditions.

433 The synthesis of the dynamic of separate economic branches establishes the conclusion that Lithuanian political economy during the past ten years has achieved great progress. Although under the influence of the world economic crisis in the years 1932—1935 it suffered reverses or was at any rate hindered in its growth, the total balance of the ten years on an average shows a doubling of the real volume. Especially the years 1930—1931 and 1936—1937 were signalized by vigorous promotion and expansion periods. Whereas world economy in the autumn of 1937 once more revealed symptoms of a recession, in Lithuania the rising tendency continued.

The greatest successes were achieved in the domain of industry; its production grew uninterruptedly also during the crisis and has on an average increased two and a half times. The liquidation of Free Trade and the confinement of separate politico-economic spheres within their national boundaries under the operation of the world economic crisis, as in other agrarian countries so also in Lithuania have contributed to intensification of the development of home industry.

439 The Lithuanian foreign trade turnover has suffered loss during the crisis as a result of the fall of prices. Its volume nevertheless remained even during the crisis years above the level of 1929. The introduction of the licence system facilitated the maintenance of the active general trade balance in the crisis years and regulation of the trade balance with individual countries.

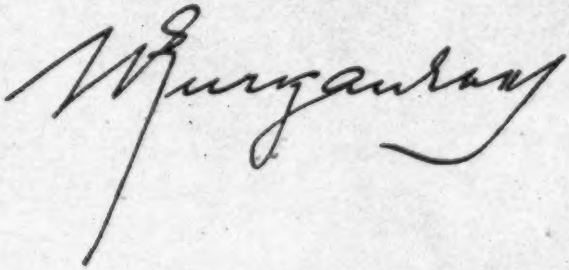
438 In the domain of home trade, the growth of cooperative trade must above all be premised. Private trade is developing unequally; for while intermediary wholesale trade is receding,

p. 4

small distributing trade enterprises are holding their own and increasing.

More favourable development is shown by finance and credit conditions; the equilibrium of the State finances and a sound currency and credit policy form the basis on which the superstructure of economy can be reared.

The fact that the economic crisis, notwithstanding its protracted duration, was relatively easily overcome, after which a vigorous advance again set in, is to a great extent to be entered to the credit of the economic policy of the Government, which by means of the regulation of export, the support of production of agricultural supplies, the financing of new industrial promotions, and the regulation of prices has ameliorated the effects of the world crisis and furthered a healthy private initiative in the interests of the total political economy.



President of the Chamber of Commerce, Industry and Crafts.

3. The Geographical Distribution of Lithuanian Industry

The principal centres of Lithuanian industry are Kaunas, Memel, and Šiauliai. To Kaunas (the city and district) in January, 1938, pertained 37.7%, to the Memel Territory 27.5%, and to the Šiauliai district 10.3%, so that to all three in the aggregate in round figures related three-quarters of all the industrial workers employed in Lithuania.

The development of the geographical distribution of Lithuanian industry during the last ten years is shown by the following comparison of the relevant statistical data:

	Kaunas		Memel		Šiauliai	
	Undertakings	Workers	Undertakings	Workers	Undertakings	Workers
1929	300	6 762	169	5 695	131	2 525
1930 (June)	315	7 334	182	5 457	129	2 517
1931 (June)	343	7 405	137	5 604	129	2 501
1932 (June)	333	6 868	148	5 094	141	2 340
1933 (June)	339	7 568	139	5 618	129	2 105
1934 (July)	334	8 321	150	6 477	131	2 104
1935 (July)	347	8 435	141	7 215	130	2 214
1936 (July)	354	9 721	141	7 214	132	2 684
1937 (Jan.)	340	10 439	137	7 120	125	2 861
1938 (Jan.)	423	11 972	141	8 354	138	3 126

We see from the foregoing table that the most active development of the Kaunas district shows: The number of the undertakings since 1929 has increased there by 41% and the number of employed industrial workers by 77%. In the Memel Territory during the same interval the number of undertakings has fallen by 16.6%, but the number of workers has risen by 46.7%. Šiauliai displays the smallest increase; the number of undertakings there has risen by 5.3% and the number of workers by 23.8%.

Thanks to this development, the rôle of Kaunas as the most important centre of Lithuanian industry, in comparison with that of Memel and Šiauliai, has not only absolutely but also relatively grown considerably during the last ten years.

From the standpoint of separate industrial branches, there have been concentrated in Kaunas in the first place the metal and machinery industry, the chemical industry (production of rubber goods), the stone industry (glass factories and the treatment of paving-stones), the paper industry, and woven goods manufacture. Besides these preponderating branches, a

433 considerable part of the wool and cotton spinning and weaving,
438 the timber sawing, furniture manufacture, the foodstuffs and luxury goods industry, &c. is situated in Kaunas.

In Memel is located the largest part of the timber industry (sawing, plywood supply, and cellulose production), the predominant portion of the wool and cotton industry (two-thirds), the artificial fertilizer industry, a considerable share of the foodstuffs and luxury goods industry (meat treatment, tobacco manufacture), &c.

In Šiauliai are concentrated 85% of the Lithuanian leather industry (tanning), nearly 60% of the footwear industry, and two-thirds of the flax treatment industry. In the district of Šiauliai (at Pavenčiai) is situated a sugar factory (the second in Lithuania) which was established in 1935. In Šiauliai itself also four chocolate and sugar ware factories are in operation.

Besides the foregoing three principal centres of industry should also be mentioned: **Panevėžys**, where are situated the biggest Lithuanian milling concerns, also a meat-canning factory of the „Maistas" Company and a large enterprise of the flax treatment industry; **Marijampolė**, with the first sugar factory founded in 1931 and several sawmills; **Plungė** and **Telšiai**, with two of the largest Lithuanian linen factories; **Tauragė**, with a meat wares factory of „Maistas"; **Rokiškis**, with a textile factory (wool weaving) and several dairy-farms; lastly, **Vilkaviškis**, which harbours a third of the Lithuanian underclothing manufacture, an enterprise for fur dressing and the largest bristle treatment concern.

4. The Rôle of the Joint-stock Companies

473

The development of the joint-stock capital invested in industry has proceeded as follows:

Year	Total No. of jointstock Cos.	Share-capital in 1000 litas	Proportion of Foreign Capital
1928	56	69 059	7 600*)
1929	57	70 434	7 400*)
1930	62	85 851	19 400*)

*) Without Memel.

while the remaining branches reveal an average firm development tendency. The branches with shrinkage symptoms are: Trade in agricultural products (grain, flax, dairy supplies, eggs, cattle, poultry); trade in combustibles (timber, coal, and naphtha); and trade in machinery and vehicles. There are therefore involved only those branches of trade which, during recent years, have been passing more and more out of the hands of private promoters into the sphere of activity of the commercial cooperatives and the „Maistas" Joint-stock Company, which must inevitably automatically cause a decrease in the number of enterprises of the corresponding branches, the more so since most of the commercial cooperatives are exempt from the Patent Tax and are not included in the total figures of commercial undertakings which are calculated on the basis of the trade-licences issued. The enormous rise of the goods turnover of the „Maistas" Joint-stock Company and the cooperatives is described in the following section.

*

* *

As regards the geographical distribution of commercial undertakings, besides Kaunas and Memel, Šiauliai and Panevėžys are the most important commercial centres of Lithuania. The following table depicts the development of the geographical distribution of wholesale and large-scale retail commercial concerns in a wider sense (I.- III. Corporations) in Lithuania Major from 1929—1937.

Geographical Distribution of Commercial Concerns.

Year	Total	Kaunas (City)	Šiauliai (District)	Panevėžys (District)
1929	17 116	2 418	1 846	1 128
1930	17 317	2 453	1 808	1 168
1931	17 387	2 654	1 782	1 172
1932	16 493	2 723	1 773	1 074
1933	15 503	2 674	1 717	1 047
1934	14 830	2 671	1 704	991
1935	14 145	2 532	1 634	949
1936	14 412	2 593	1 666	1 010
1937	15 117	2 690	1 662	1 018

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We see from the foregoing data that notwithstanding the decrease in the total figures, the number of Kaunas concerns in the period under review has grown; in consequence of this the percentage share of Kaunas has also risen from 14.1% in 1929 to 17.8% in 1937. The biggest rise in the number of Kaunas concerns falls to 1931—1932, when in connexion with tariff-technical facilities a number of import firms removed their headquarters from the small frontier town of Virbalis to Kaunas, and to 1936—1937, in the wake of the general economic upward trend. The wholesale commercial concerns, i. e. undertakings of the I. corporation, are, moreover, for the most part concentrated in Kaunas; of the 120 corresponding enterprises of Lithuania, 76 have their headquarters in that city.

While, as shown above, the total number of wholesale and large-scale retail commercial concerns in the rest of Lithuania has suffered an absolute reduction during the past decade, in spite of the revival of the last two years, the growth of commercial concerns in the Memel Territory is estimated at approximately 15%. This phenomenon is to be explained in the first place by the growth of the port trade (see the following chapter for details), which induced various firms to remove their headquarters to Memel or at least to open permanent branches at the port.

2. Total Figures of Goods Turnover

The statistical comprehension of the goods turnover of home-trade in the nature of things encounters greater difficulties than the calculation of the foreign trade turnover. The large number of small undertakings, among them the hawker's trade which with us is still relatively widespread and difficult mathematically to grasp, and most of all the absence still of any sharp cleavage between wholesale and retail business generally aggravate the task of determining the total amounts of the turnover and render their clarification from parallelism quite impossible. The State Central Statistical Bureau on these grounds has hitherto published no relevant data.

One must therefore be content only with substitute figures and estimates. As such may be mentioned: The data on tax receipts; the foreign trade turnover; the reports of the coope-

rative societies (which, however, in the first place reflect only the constantly growing rôle of the cooperatives in our economic life and therefore do not permit any conclusions on the turnover of the total home-trade) and, finally, the results of an inquiry organized by our Chamber of Commerce.

In the tax statistics contingent postponements during separate years are expressed only in a distorted form, because the tax receipts of each single year, besides the taxes assessed on the basis of the turnover in the previous year, contain also arrears from earlier years. Naturally, therefore, the contingent position of the payment year, and not the assessment year, is conclusive for the payment receipts. Bearing in mind the foregoing objections, the tax statistics none the less provide a certain guide and afford us, in the absence of other sources, a summary over a larger series of years.

According to the reports of the State Control, the tax receipts (without the Memel Territory) from trade from 1930—1936, were as follows (in 1 000 litas):

Year	Total	Patent Tax	Profit Tax
1930	8 182.7	2 458.3	5 724.4
1931	8 231.1	2 250.9	5 980.2
1932	7 901.5	2 306.4	5 595.1
1933	7 027.7	1 894.6	5 133.1
1934	6 357.9	2 014.7	4 343.2
1935	6 662.1	2 026.2	4 635.9
1936	6 852.3	1 997.9	4 854.4

The second column respecting the Patent Tax once more confirms the accuracy of the deductions of the former section in regard to the reduction in the number of undertakings of wholesale and large-scale retail trade, and shows that even the extension of tax liability to hitherto tax-free small enterprises in 1935 could not compensate for the decline in the Patent Tax returns.

The third column respecting the Profit Tax, for the reasons above discussed, may only with reserve be regarded as a substitute reflecting the trade turnover. Nevertheless, for the purpose of comparison of the development tendencies of trade and industry, it can, in the first place, be contrasted with the analogous data on the industry tax receipts; the accuracy of the

lation of the trade turnover on the basis of the tax statistics, and an appropriate clarification effected.

To reinforce this assertion we compare first of all the percentage development of the Profit Tax receipts from 1930—1936 (the tax is valid at times for the preceding year) with the index already calculated in the previous chapter of the ad valorem development of our foreign trade turnover from 1929—1935. We obtain in this manner the two following sets of figures:

	1929	1930	1931	1932	1933	1934	1935
Foreign Trade Turnover..	100.0	101.5	86.6	55.9	47.5	44.9	44.1
Trade Turnover on the basis of tax receipts	100.0	105.5	97.7	89.7	75.9	80.9	84.8

One must bear in mind that the home-trade turnover, especially in respect of commodities of fixed demand (chiefly foodstuffs) which constitute the relatively most important item of the turnover, is far less subject to trend fluctuations than foreign trade. The growth of domestic industrial production must likewise extend the scope of the home-trade turnover. On the other hand, however, one may not forget that the retrogression of our foreign trade turnover is in the first instance due to the fall of prices, and that its quantitative scope, as has been demonstrated in a previous chapter, even in the crisis years remained above the level of 1929. The fall of prices has approximately in the same manner affected the foreign and home-trade turnovers. If therefore the tax receipts correctly reflected the trade turnover, then this would mean, in consideration of the high percentage share of foreign trade, that the home-trade in inland goods already in 1935 had attained a turnover which, in comparison with 1929, was ad valorem one and a half times, and quantitatively three times larger, which, it goes without saying, cannot correspond to reality.

On the basis of reliable estimates, the turnover assessments of the Tax Inspectorate in the crisis years, in relation to the firms with non-public accounting, were fixed too high. Since on the firms with public accounting, for which the tax is assessed according to the actual turnover, approximately one-fifth of the Profit Tax total devolves, the figures for the total receipts since 1932 have had to be cut down a quarter in round figures in order to depict the real total turnover.

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The tax statistics at our disposal relate to the turnover from 1929—1935. According to our estimates the trade turnover in 1936 in comparison with the preceding year rose by 25% and in 1937 by 15%. After the above discussed correction has been made we get the following index figures of the **ad valorem** development of our total trade turnover:

1929	1930	1931	1932	1933	1934	1935	1936	1937
100	106	98	67	57	61	64	80	92

The above index being based upon estimates cannot lay claim to a hundred per cent accuracy, but its final figures are nevertheless assessed rather too high than too low. To its plausibility **inter alia** testifies the circumstance that it corresponds approximately to the average of the indices of the foreign trade turnover and of the industrial production, taking into consideration the price changes that have ensued since 1929.

The **ad valorem** recession of the goods turnover sums is not, it goes without saying, synonymous with the quantitative recession. The quantitative scope of our goods turnover has, on the contrary, appreciably increased, as the following volume index, calculated on the strength of the price-index of Lietuvos Bankas, shows:

1929	1930	1931	1932	1933	1934	1935	1936	1937
100	122	132	109	105	117	139	174	174

The last index group demonstrates the considerable increase of domestic consumption. Since the volume index of the foreign trade turnover for 1937, calculated in the previous chapter, amounts to only 139.3, this means, if we estimate the share of foreign trade at 40%, that the home trade in domestic commodities has almost doubled from 1929 to 1937, wherein both the rise of home industrial production and the improvement of the standard of living are revealed.

Expressed in absolute figures, according to our estimate, the total trade turnover in the past year (1937) may have reached 900 000 000 litas. The turnover of the Memel Territory is not included in this sum because data are lacking for an estimate in this connexion.

438 The home-trade turnover of „Maistas", which maintains
473 47 places of sale for meat and canned provisions throughout Lithuania, has constantly grown. In 1927 it amounted to 4 400 000 litas; in 1936 it had already reached 10 100 000 litas; and in 1937 it had risen to 13 100 000 litas.

4. The Rôle of the Cooperative Societies

474 The significance of the cooperatives in our trade can best
438 be illustrated by the fact that their sales in 1937 amounted to more than 200 000 000 litas. During the last ten years they have quadrupled in value, and quantitatively even increased eightfold.

The course of this expansion can be studied in the following table:

Sales of the Cooperative Societies (in 1 000 litas)

Year	„Lietūkis"	Trade Cooperatives	„Pienocentras"	Total
1928	12 129	23 520	13 662	49 311
1929	29 393	52 255	25 999	108 647
1930	23 117	44 992	43 854	111 963
1931	36 743	44 950	46 102	127 795
1932	28 853	37 314	45 182	111 349
1933	32 063	37 534	36 163	105 760
1934	37 617	37 342	36 329	111 288
1935	60 530	46 427	42 438	149 395
1936	73 715	55 560	55 897	185 172
1937	72 823	65 046	65 730	203 599

The Union of Agricultural Cooperative Societies of Lithuania „Lietūkis", which was founded in 1923 and in the first year of its existence counted only 26 cooperative societies as members, and whose annual sales from 1923 to 1929 on an average amounted to 10 000 000 litas, since the revision and amendment of the statutes in 1930, has become the most important commercial undertaking of Lithuania. The aims which it pursues consist, in the sense of the by-laws, in promoting agriculture

and rural industry; organizing trade in agrarian products, and reconciling the interests of consumers and producers. 494 438 •

To-day „Lietūkis" counts 111 cooperative societies as its members. Besides the central establishment in Kaunas it maintains 16 branch establishments in the provinces; three elevators, viz., at Memel, of 30 000 tons capacity; at Šiauliai, of 3 250 tons capacity; and at Kaunas, of 2 250 tons capacity. Furthermore at Šiauliai it possesses a central flax warehouse, and 18 grain warehouses at various other places. Since the end of 1937 it has managed its own flour-mill at Kalvarija, Suvalkai.

The goods turnover of „Lietūkis", after the overcoming of the crisis years 1932—1933, has constantly grown. The negligible recession in 1937 by 890 000 litas or 1.2% of the turnover was due solely to the reduction of grain export in consequence of the unfavourable harvest.

If, however, we take into consideration that the grain turnover of „Lietūkis" in connexion therewith decreased from 21 300 000 litas in 1936 to 10 600 000 litas in 1937, it should also be pointed out that its turnover with other commodities not only has not receded but, on the contrary, has risen by 10 300 000 litas. Inter alia in 1937, in comparison with the previous year, there increased: The turnover with flax from 4 800 000 litas to 6 700 000 litas; with sugar from 15 500 000 litas to 17 500 000 litas; with naphtha products from 5 900 000 litas to 6 700 000 litas; with agricultural and other machinery from 2 200 000 litas to 3 600 000 litas; with cement from 1 900 000 litas to 2 800 000 litas, &c.

The percentage share of „Lietūkis" in the Lithuanian total turnover of many important commodities amounts to: In the import of fertilizers 100%; in salt import 92.5%; in the import of agricultural machinery 80%; in cement import 42%; in the import of naphtha products 40%; in the import of herrings 10%; in iron import 5%; in the export of grain 85%; in the export of flax 27%; and in the sale of sugar (of inland production) 69%;

The second column of the above quoted table shows the development of goods sales of the trade cooperatives, the number of which to-day amounts to 180. It includes both agricultural cooperative societies, which for the most part are organiz-

474 ed in „Lietūkis", but which effect their sales on their own
438 account, and other quite independent consumer unions. Among the latter mention should be made of the following:

1. „Parama", which carries on the grocery trade and in Kaunas and neighbourhood owns 30 sale establishments. Its turnover amounted in 1937 to 5 200 000 litas against 4 800 000 litas in 1936 and 4 500 000 litas in 1935. „Parama" owns also its own bread bakery, the biggest in Lithuania, the production of which in 1937 reached 5 900 000 litas.

2. „Spaudos Fondas" engages in the book and stationery material trade, also in book publishing. It maintains three sales establishments in Kaunas and ten in the provinces. The turnover reached 6 100 000 litas in 1937 against 5 400 000 litas in 1936 and 4 600 000 litas in 1935.

3. „Karių Ekonominė Bendrovė", a military consumers' union, maintains in Kaunas its own organized warehouse-like emporium. In 1937 its turnover reached 2 600 000 litas against 2 900 000 litas in 1936, and 3 100 000 litas in 1935. It is the only cooperative society whose turnover, if only negligibly, has declined.

4. „Marginiai" engages in the sale of articles of folk art and household industry. It maintains a branch establishment at Šiauliai. In 1937 the turnover amounted to 211 334 litas against 158 783 litas in 1936, and 142 320 litas in 1935.

The total turnover of all trade cooperatives, which already in 1929 had reached the amount of 52 200 000 litas, stayed until 1935 below this level. In 1936, however, it rose to 55 800 000 litas and in 1937 to 65 000 000 litas.

The Central Union of Lithuanian Dairy-farming Cooperative Societies „Pienocentras" belongs formally it is true, not to the trade cooperatives but to the production cooperative societies, but in view of its important share in the goods turnover, especially in the export trade, we will describe its rôle in this section.

474 The union „Pienocentras", which was founded in 1926,
438 counts to-day 192 dairy-farming cooperative societies as mem-
439 bers. It disposes in all of over 2 052 milk-skimming stations, and is served by 91 491 milk-purveyors. It owns the monopoly of butter and egg export. Its share in the total export of Lithuania amounted in 1937 to 26.1%. Concurrently it maintains

also inland 17 sale emporia and eight breakfast rooms and in 1937 attained on the home market a turnover of 7 200 000 litas.

The growth of the goods turnover of „Pienocentras" and its structure are shown in the following three tables:

1. The Structure of the Total Turnover of „Pienocentras" (in 1 000 litas)

Year	Total Turnover	Whereof A. Export	Including: 1. Butter	2. Eggs	Percentage Share in Total Lithuanian Export	B. Domestic Sales
1927	5 981	3 971	3 950	—	1.6	2 010
1928	13 662	10 437	10 437	—	4.1	3 225
1929	25 999	20 888	20 786	102	6.3	5 111
1930	43 854	35 200	34 866	334	10.5	8 653
1931	46 102	37 790	37 055	735	13.8	8 312
1932	45 182	37 079	36 045	1 034	19.6	8 103
1933	36 163	29 909	29 150	789	18.7	6 245
1934	36 329	30 231	28 816	1 397	20.5	6 098
1935	42 438	35 948	33 866	2 046	23.6	6 490
1936	55 897	48 228	42 042	6 151	25.3	7 668
1937	65 730	54 470	47 065	7 375	26.1	7 187

2. Butter Export of „Pienocentras"

Year	Total Butter Export of Lithuania, in Tons	Butter Export of „Pienocentras", in Tons	Percentage Share of „Pienocentras"
1927	2 051	551.2	26.9
1928	2 643	1 374.6	52.0
1929	4 084	2 810.4	68.8
1930	7 357	6 024.4	81.9
1931	8 705	7 480.9	85.9
1932	9 926	9 280.9	93.5
1933	9 580	8 674.2	90.4
1934	9 671	9 589.9	98.9
1935	12 154	12 101.2	99.6
1936	14 629	14 302.4	97.8
1937	15 058	14 964.4	99.4

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3. Egg Export of „Pienocentras"

Year	Total Export of Eggs from Lithuania, in 1 000	Egg Export of „Pienocentras", in 1 000	Percentage Share of „Pienocentras"
1929	55 509	361	0.6
1930	55 188	1 567	2.8
1931	60 998	4 815	7.9
1932	45 790	8 757	19.1
1933	28 796	7 523	26.1
1934	19 247	16 074	83.5
1935	27 798	26 758	96.3
1936	67 184	66 542	99.0
1937	77 063	74 136	96.5

On the basis of the data contained in the foregoing tables, we may form the following conclusions:

1. The total turnover of „Pienocentras" since the foundation year until 1931 grew uninterruptedly. Owing to the crisis years, this growth was interrupted; yet the falling-off in the turnover was not quantitative but evoked by the fall of prices. During the last two years, however, the position of 1931 has also been appreciably exceeded, in 1937 by 42.5%.

2. Nearly 90% of the total turnover of „Pienocentras" devolves upon export. Of this percentage approximately 85% consists of butter export and 15% of egg export. Butter export already since 1934 and egg export since 1935 have been conducted by „Pienocentras" on a monopoly basis. Foreign trade statistics show that simultaneously with the growth of the share of „Pienocentras", Lithuania's total export of corresponding commodities has considerably grown, which proves that the extension of our butter export trade more particularly must be entered solely to the credit account of „Pienocentras". Since 1927, that is, since the time when „Pienocentras" began to engage in butter export, the Lithuanian butter exports have grown quantitatively more than sevenfold, and during the last four years alone, since „Pienocentras" enjoyed a monopoly, amount to an increment of 57%.

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3. The domestic sales do not reveal so favourable a development as export. Ad valorem they were in 1937 still below the level of 1931, although, having regard to price variations, their quantitative scope has risen approximately by 30%.

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532 Lithuanian village--be they peasant beds, tables or benches. Here rules rather a peculiar sobriety, which is to be explained only by the fact that there has never been a bourgeois culture in the Western sense of the term in this country, formerly a part of Russia. But this seems under any circumstances to be a prerequisite to a rural residential culture.

[438] A home industry bringing artistically worked wooden objects onto the market did not formerly exist in Lithuania. Quite in contrast to Germany, for example, folk art, although reaching such height of expression, did not produce a national handicraft. Neither was this art developed into a handicraft in the countryside--this was opposed by the peasant's home economy--nor was the city handicraft--we may think, for example, of the interior furnishings of the city church--stimulated by it. The reasons for this will be discussed in the chapter on the intellectual culture of the city.1 We speak, therefore, quite intentionally in this regard of a home culture. Only in recent times has a handicraft arisen in Lithuania on a national basis, such as Daugirdas aspired even before the World War.

[369]

000 There is no question that the rich store of forms of the Lithuanian home art offers a favorable soil for the development of an independent handicraft. To be sure, modern Lithuanian handicraft, as it is promoted, for example, by the trade schools, the orphanages, and similar institutions, is still today trying to develop its own avenues. This development is not without danger, for not every path leads to the goal. We see here at times efforts simply to take over Western forms and give up the indigenous ones; this would be an unfortunate break with the Lithuanians' own independently developed, /132/ tradition. On the other hand, attempts at transferring directly to wooden furniture and wooden objects the primitive weaving patterns

1 [cat. 116, pp. 145-195--Analyst]